

**THE RHODE ISLAND CONVENTION CENTER AUTHORITY 327th
MEETING OF THE BOARD OF COMMISSIONERS April 30, 2009**

A meeting of the Board of Commissioners of the Rhode Island Convention Center Authority (hereinafter referred to as "Authority", the "CCA" or the "Board") was held on April 30, 2009 at 9:00 a.m. pursuant to notice, at the Rhode Island Convention Center Boardroom, One Sabin Street, Providence, Rhode Island.

Board members present were Chairman, David Duffy, Commissioners, Paul MacDonald, Jeff Hirsh, Bernie Buonanno, Patrick Butler, George Nee and Dale Venturini.

Mr. Gavitt, Mr. Daugherty and Mr. Jason Fowler were unable to attend.

Also present were James P. McCarvill, Executive Director, Betty Sullivan, Ken Mancuso and Kim Keough, Rhode Island Convention Center Authority; Bruce Leach, Legal Counsel; Tim Muldoon, Deb Tuton, Kathy Masino and Nancy Beauchamp, SMG/RICC; Larry Lepore , SMG/DDC; Steve Habl, VMA; Bob McClintock, SMG Corporate; Neil Schriever and Martha Sheridan; Joseph Solomen, House Policy Office; Bob Bromley, Senate Finance; Thomas Mullaney, Budget Office, and Eileen Smith, Recording Secretary. Mr. Duffy began the meeting at 9:00 AM. Noting that we did not yet have a quorum but much to discuss in a limited amount of time Mr. Duffy asked Mr. McCarvill to present the consolidated financial review. Mr.

McCarvill noted that the VMA net income for the month of March was (\$12,736) to budget and year to date net income is (\$3,547) to budget. Mr. McCarvill reported that the VMA does not have a liquor license in their name. He said that a license has been applied for and that we are waiting for the City to approve it. Mr. McCarvill reported that for the month of March, Convention Center net income was (\$116,078) to budget and (\$58,071) to the prior year. Mr. McCarvill noted that the variance is the result of lower than expected event and food and beverage revenue. Mr. McCarvill noted that Year to Date Net Income was (\$593,591) to budget and (\$898,515) to the previous year. He said that the unfavorable variance in net income is the result of lower than expected food & beverage revenue. Mr. McCarvill was pleased to note that parking revenue rebounded for the month. Mr. McCarvill reported that for the month of March the Dunkin' Donuts Center net income was positive \$31,640 to budget and (\$140,629) to the prior year. Mr. McCarvill stated that Year to Date Net Income was (\$99,742) to budget and (\$17,832) to the previous year. He said that low attendance for events continues to contribute to the unfavorable variance. Mr. McCarvill said that management is committed to bringing new events to the Dunk that will be successful. Mr. McCarvill noted that management of both the Convention Center and the Dunkin' Donuts Center are doing a good job of controlling expenses. Mr. McCarvill reported that net income for the Convention Center Authority for the month of March was (\$412,206) to budget and (\$354,906) to the prior year. Year to Date Net Income was (\$2,123,344) to budget and (\$1,752,446) to the prior year. Mr. McCarvill stated that

the variance is all about the interest expense on the Swap. He said that the refunding will address the interest issue. Mr. McCarvill answered Mr. MacDonald's question from the previous meeting regarding the VMA's expenditures. Mr. McCarvill noted that the VMA's operating expenses are included in the Authority's numbers. Mr. McCarvill stated that consolidated net income for the month of March was (\$496,644) to budget and (\$553,606) to the prior year. Year to Date Net Income was (\$2,816,666) to budget and (\$2,668,766) to the prior year.

CALL TO ORDER

Chairman Duffy called the meeting to order at 9:05 a.m.

APPROVAL OF MINUTES

Mr. Duffy entertained a motion to accept the minutes of the 326th meeting, April, 2009. Upon a motion duly made by Mr. MacDonald and seconded by Mr. Butler it was unanimously VOTED: to approve the minutes as distributed

Mr. Duffy instructed the Authority office to send the approved minutes to the Secretary of State's Office via electronic mail. Mr. Duffy announced that the next meeting would be held on Wednesday, May 27th at 9:00 AM

Mr. Duffy announced that the Board would be meeting in Executive

Session. Mr. Nee proposed that pursuant to Rhode Island General Laws Section 42-46-5(a)(5) that the Board convene in Executive Session to discuss the proposed Dunkin' Donuts Store and the Veterans Memorial Auditorium Lease, and convene in Executive Session pursuant to Rhode Island General Laws Section 42-46-5(a)(7) to discuss the Authority's Facility Management Contracts. The motion was seconded by Mr. Butler. Mr. Duffy called the vote on the motion.

Mr. MacDonald – yea

Mr. Buonanno – yea

Mr. Hirsh – yea

Ms. Venturini – yea

Mr. Nee – yea

Mr. Butler – yea

Mr. Duffy – yea

Executive Session – 9:13 AM

Open Session resumed at 10:10 AM

Mr. Nee moved that the minutes of the Executive Session be sealed seconded by Mr. Butler. It was unanimously

VOTED: to seal the minutes of Executive Session until the issues have been resolved.

Mr. Buonanno Departed at 10:11 AM

AUDIT COMMITTEE

Ms. Sullivan reported that the Audit Committee had met on Tuesday. She said that the RFPs for Auditing Services had been reviewed. Ms. Sullivan noted that only two of the seven respondents were Rhode Island companies, The Braver Group and LGC&D. Ms. Sullivan reported that LGC&D was the lowest bidder and was recommended by the Audit Committee. Ms. Sullivan noted that a letter was sent to the Auditor General and the Department of Administration requesting approval of LGC&D as auditors for the Authority. She cautioned that because the firm has been auditing the Authority for many years the Auditor General may decline our request. Mr. Hirsh stated that LGC&D's bid was significantly lower than the next lowest bidder and that he was hopeful that our selection would be approved.

DUNKIN' DONUTS CENTER

Mr. Lepore credited Nancy Beauchamp and Bob Capalli for reducing expenses by finding ways to be more efficient. He said that by year end he expects to be on or above budget. Mr. Lepore also noted that the managers on duty walk the building following an event to make

sure that all equipment has been turned off.

Mr. Lepore reported that the WWE event provided a great deal of exposure for the Dunk. He said that this was our largest grossing wrestling event. Mr. Lepore noted that local services are used by the production and television crews. Mr. Lepore said that WWE will be back in November. Mr. Lepore reported that the Providence Bruins marketing and give aways have been cut back during the playoffs. He said that any promotions are affected by league rules. Mr. Lepore reported that during the Mayor's Conference dinner will be served to approximately 1,200 people at the Dunk. He said that the dinner will be a joint effort between the Convention Center food & Beverage team and Sportservice. Mr. Lepore said that Cirque Du Soleil will be here for the Fourth of July. He cautioned that these performances may be difficult to sell out because Rhode Islanders prefer to be outside in the Summer. Mr. Lepore announced that a ½ house Demi Lovado concert will take place in August. Mr. Lepore reported that some shows are coming out in the Fall and that the outlook for the future is improving.

Mr. Butler asked how we were doing with the punch list of items for the renovations. Mr. McCarvill said that we are working through the issues with Track Seating. McCarvill noted that the problems with the lighted handrails on the exterior steps are being resolved. He said that our in-house electricians and City Lights are working together to fix the remaining minor problems.

Mr. Duffy asked Mr. McCarvill to update the Board on the War Memorial and Public Art. Mr. McCarvill said that Deb Tuton would be meeting with the artist and Liz Keithline from RISCA next week to review the plans for the site and the prep work that will be needed. Mr. McCarvill said that Gilbane is prepared to move forward with the War Memorial as soon as all the easement issues are addressed.

Due to scheduling conflicts necessitating the earlier departure of Mr. Buonanno and the immanent departure of Mr. Butler, Mr. Nee made a motion seconded by Mr. Hirsh to adjourn. It was unanimously

VOTED: to adjourn at 10:25 AM

Mr. Butler departed

Mr. Duffy stated that discussions would continue but no official business would take place.

Mr. Muldoon was pleased to report that the Convention Center had received an award from DEM for their Green initiative. He noted that this is the second year for the award and that the criteria are more stringent. Mr. Muldoon stated that last year the Convention Center had recycled 32% of its recyclable material and this year increased that amount to 45%. Mr. Muldoon reported that parking revenue was ahead of the same month last year and appears to be stabilizing. He

noted that they continue to look for other revenue opportunities. Mr. Muldoon reported that Bob Sepe has returned to the Garage and he is confident that Mr. Sepe will provide great leadership of the Garage personnel.

Mr. Duffy recognized Bob McClintock of SMG Corporate and asked that he address the Board. Mr. McClintock stated that he was here bearing scary news but that there is a light at the end of the tunnel. He said that 50% of SMG buildings are not meeting their goals. Mr. McClintock reported that this building is trending very well by comparison. He also noted that food & beverage revenue is down in every building. Mr. McClintock credited Mr. Muldoon and Mr. Lepore for managing expenses very well. Mr. Duffy wanted it noted that we will make \$2 million this year. Mr. McClintock stated that the building has a positive cash flow in a very difficult economy. He said that corporate spending is down due to the excesses that were reported by companies receiving taxpayer bailouts. Mr. McClintock said that we must convince our public officials and the media that travel is important to business. He said that the travel and meeting industry provides jobs for taxi drivers, valets, wait staff, housekeepers and many other hard working people. Mr. McClintock said that SMG is doing everything it can to address the problems. He said that incentives are being given to staff for moving an event from one SMG building to another. Mr. McClintock noted that he is starting to see some positive signs of improvement. Mr. McClintock reported that Providence appears to be in a better position than most. He said that

some layoffs have taken place but the emphasis in Providence is customer service therefore management is trying to save as many jobs as possible. Mr. MacDonald noted that what we have here is a tremendous effort on the part of our Marketing Committee Chair and the entire sales team. Ms. Venturini thanked Mr. MacDonald for his comment. She said that we have here a very cohesive marketing approach that is a model for others. She said that we will not cut our sales staff and that we have to sell our way out of this. Mr. Duffy thanked Mr. McClintock for his attendance.

VMA

Mr. Hahl reported that the season at the VMA is wrapping up. He said that the last performance of the Philharmonic was on Saturday and the Ballet finished up last week. Mr. Hahl noted that they were moving on to graduations. Mr. Hahl was pleased to report that strides have been made on rehabbing the reputation of the theater and the staff. Mr. Hahl noted that other than the Philharmonic and the Ballet events next year will be an event for RIEDC, Girls Night Out, a Beatles Tribute Band and the Air Force Band. Mr. Duffy said that he was impressed with the bookings list.

Mr. Nee departed at 10:48 AM

Mr. Hahl stated that the staff is trying to make some improvements back stage. Mr. Duffy asked if a dinner could be held on the stage. Mr. Hahl said that we can do anything we want. Ms. Venturini

suggested that we hold a future meeting at the theater.

PWCVB

Ms. Sheridan reported that legislation had been proposed to change the method for funding the PWCVB. Ms. Sheridan said that the PWCVB had the support of the Providence Chamber of Commerce, Rhode Island Hospitality Tourism, local hoteliers and Jim McCarvill representing the Authority. Ms. Sheridan reported that there has been no action on the legislation yet. Ms. Sheridan noted that the CVB is working aggressively with local businesses on issues that impact tourism. Mr. MacDonald asked if the City of Providence has a parking committee. Ms. Sheridan said that if the City has such a committee it has not been active.

Mr. Schriever reported on sales activity for the month of March.

Discussion took place regarding the economic impact of Spirit of America. Ms. Venturini stated that aggressive marketing is imperative in this economy.

Ms. Keough reported on the progress of the Annual Report. She also reported that the contract has been signed with Nail for the Web Design.

Mr. Mancuso reported that security for the Mayor's Conference is

under control.

Mr. Muldoon stated that JLC Live has signed a three year contract.

Mr. Duffy asked about the Business Expo. Mr. Muldoon reported that the Expo exhibit space was down about 33%.

The meeting ended at 11:05 AM